

Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
November 15, 2022

The meeting of the Board of Trustees for the Registrars of Voters Employees' Retirement System was held at the Renaissance Hotel, located at 7000 Bluebonnet Boulevard in Baton Rouge, Louisiana on November 15, 2022.

I. Call to Order

Mr. Wall called the meeting to order at 9:12 a.m.

II. Invocation and Pledge of Allegiance

Mr. Joe Salter offered an invocation and Mrs. Joanne Reed led the Pledge of Allegiance.

III. Roll Call

Ms. Kathy Bourque called the roll. Board members present: Mr. John Broussard, Mr. Brian Champagne, Mrs. Shanika Olinde, Mrs. Joanne Reed, Mr. Joe Salter, Senator Kirk Talbot, Mr. Dwayne Wall. Representative Michael Firment, Ms. Billie Meyer, and Ms. Charlene Menard, were absent. A quorum was present. Others present included: Ms. Kathy Bourque (System Director); Mr. Greg Curran and Ms. Sondra Bordelon (representing Actuary and Administrator, Curran Actuarial Consulting, Ltd); Mr. Jon Breth (Investment Consultant, AndCo Consulting); Mrs. Denise Akers (Legal Counsel), Mrs. Cynthia Averette and Mr. Walker Reynolds (representing Custodian of Assets, Hancock Whitney), Ms. Alana Perrin (Senate Attorney), Mr. Kenny Herbold (representing Actuary for Louisiana Legislative Auditor), Mrs. Michelle Cunningham (representing Auditor, Duplantier, Hrapmann, Hogan & Maher, LLP), Mr. Joey David, (House Retirement) and Mr. John Moreau (Retiree).

IV. Public Comments

There were no public comments.

V. Review and Approval of Minutes

Upon motion by Mrs. Olinde seconded by Mrs. Reed, the Board voted unanimously to approve the minutes from the August 16, 2022 board meeting as presented.

VI. Report from Duplaniter, Hrapmann, Hogan & Maher, L.L.P.

Mrs. Cunningham presented the financial statement and compliance audit report for the Registrar of Voters Employees' Retirement System (ROVERS) for the year ending June 30, 2022. Mrs. Cunningham stated that ROVERS received an unmodified opinion. She explained that there were no significant deficiencies that were material weaknesses in internal control. She added that there were no violations with any laws and regulations that had a direct and material effect on the financial statements.

Mrs. Cunningham reviewed the emphasis of matter paragraph which puts emphasis on a topic that the auditor wants the reader to be aware of, and in this case, it was the Total Pension Liability. She noted that the Total

Pension Liability was now included in the footnotes. She confirmed that the Total Pension Liability which was based on actuarial assumptions totaled \$139,836,162 as of June 30, 2022 versus \$136,928.77 as of June 30, 2021.

Mrs. Cunningham confirmed that there were no uncorrected misstatements, no difficulties encountered in performing the audit, and no disagreements with management. Also, she stated that there were no noted consultations with other independent accounts and no management letter for the year ended June 30, 2022.

Next, Mrs. Cunningham reviewed the Condensed Comparative Statement of Fiduciary Net Position (balance sheet) which showed that the System's total assets as of June 30, 2022 were \$115,510,531 versus \$133,820,305 as of June 30, 2021.

The Net Pension Liability of Employers, showed information for the last nine years, including the discount rate, expected real rates of return, money weighed rate of return, total pension liability, plan fiduciary net position, and the employer's net pension liability as of June 30, 2014, was \$103,598.305 and as of June 30, 2022 it was \$115,315,889.

Then, Mrs. Cunningham stated that the GASB 67 requires Census Data Testing. She added testing was performed on Avoyelles Parish, East Feliciana Parish, Point Coupee Parish, State of Louisiana, Washington Parish, and West Feliciana Parish. For East Feliciana Parish and Point Coupee Parish, one employee's hire date per the system and actuary, did not agree to the hire date per the employer. Mrs. Cunningham stated that Washington Parish did not provide documentation of the procedures and controls surrounding the payroll/contribution process and therefore they were unable to obtain an understanding of the processes and controls; Also, DHHM was unable to obtain the necessary documents to agree to the total employee contribution withholdings to the Parish's general ledger for the month selected; DHHM was unable to trace authorized pay rates to the payroll journal; and were unable to obtain the necessary documents to agree to the system's records and data provided to the actuary, which consist of birth date, gender and hire date.

Next, Mrs. Cunningham advised that the Statewide Agreed Upon Procedures had stopped for a few years because of covid, but had resumed this year. There were no findings in the written policies and procedures, board or finance committee, bank reconciliations, collections, credit cards/debit cards, travel and travel related expense reimbursement, contracts, ethics, or information technology disaster recovery/business continuity. Non-payroll disbursements do not have a process in place in which at least two employees are involved in processing and approving payments to vendors. Payroll/Personnel does not maintain a record of attendance, but does maintain a record of leave. The fraud notice has not been posted on website. Ms. Bordelon advised that the fraud notice is posted towards the bottom of ROVERS website. Sexual Harassment policy was not posted on website nor was the annual sexual harassment report prepared.

Upon motion by Mr. Salter seconded by Mrs. Olinde, the Board voted unanimously to accept the Auditor's report as given by Mrs. Michelle Cunningham from Duplantier, Hrapmann, Hogan and Maher, L.L.P.

VII. Presentation by Investment Consultant, AndCo Consulting

Presentation counts for 1 hour of continuing education for investment training as per R.S. 11:185

Small Cap Value Presentations by Barrow Hanley and Victory Integrity

Mr. Clayton Johnston and Mr. Coleman Hubbard of Barrow Hanley Global Investors gave a presentation regarding small cap value strategy. Barrow Hanley was a global specialist focused exclusively on value investing. The firm was founded in 1979 based in Dallas, Texas with a significant employee equity ownership. The firm currently has 102 employees with \$40 Billion assets under management in 13 equity strategies and 13 fixed income strategies. As of September 30, 2022, the small cap value strategy had \$1.4 Billion assets under management.

Mr. Daniel Bandi and Mr. Marko Komarynsky of Integrity Asset Management gave a presentation regarding small/mid cap value strategy. The firm is in Rocky River, Ohio. Integrity Asset Management was formed in 2003 then partnered with Victory Capital in 2014. The firm currently has \$4.4 Billion in assets under management and has thirteen investment professionals averaging 22 years of investment experience.

Upon completion of the presentations, Mr. Breth reminded the board that a 5% or \$5.5 million allocation would be funded from Eagle Capital Management (\$2.75 million) and Westfield Capital Management (\$2.75 million).

Upon motion by Mr. Broussard seconded by Mr. Champagne, the Board voted unanimously to hire Barrow Hanley Global Investors to manage approximately 5% or \$5.5 million in small cap equity.

Mr. Breth presented the Investment Performance Review for the third quarter period ending September 30, 2022. The total market value as of September 30, 2022, was \$108,623,712 down -4.8% for the third quarter of 2022 and down -21.09% for the fiscal year.

Upon motion by Mrs. Olinde seconded by Mrs. Reed, the Board voted unanimously to accept Mr. Breth's report as given.

Mr. Breth discussed the updated Investment Policy Statement. He stated that the language on page 2 under Actuarial Considerations was updated to change the actuary's firm to Curran Actuarial Consulting and to clarify the actuary's duties and responsibilities. He stated on page 7, 8 and 9 the comparison of the aggregate bond index was updated with Bloomberg U.S. Aggregate Bond Index and Bloomberg Multiverse Index. Mr. Breth also removed stating the assumed rate of return on page 7.

Upon motion by Mr. Broussard seconded by Mr. Salter, the Board voted unanimously to approve the updated Investment Policy Statement dated November 15, 2022, as presented by Mr. Breth.

VIII. Presentation by Hancock Whitney

Mrs. Averette presented the Custodian Report which included a breakdown of assets for the period ending September 30, 2022, with a market value of \$106,501,335.

Mr. Walker presented the Members Supplemental Savings Plan Investment Performance Review for quarter ending September 30, 2022, totaling \$343,589.

Upon motion by Senator Talbot seconded by Mr. Broussard, the board voted unanimously to accept the Custodial Report and the Members Supplemental Savings Report as presented by Hancock Whitney.

IX. Report from System's Attorney, Akers & Wisbar

Presentation counts for 1 hour of continuing education for Rules of the System training as per R.S.11:185

Mrs. Akers presented a proposal for a Pre-Approved Option 4 Policy developed by Mrs. Bourque, they system's Actuarial staff, and herself.

**Proposal for Discussion with Board for
Pre-Approved Option 4 Policy**

Payment plans under option 4 that have already received board approval, so do not require individualized board approval, are the following:

1. For a spousal beneficiary:

- (a) A benefit that is a fixed percentage of the member's benefit or fixed dollar amount.*
- (b) An Option 2 Pop-up (this is a change from prior board policy, which did not specify that it is only for spousal beneficiaries; note, the Option 2 in the statutes is NOT limited to spousal beneficiaries and will take legislation to change.)*
- (c) An Option 3 Pop-up (this is a change from prior board policy, which did not specify that it is only for spousal beneficiaries; note, the Option 3 in the statutes is NOT limited to spousal beneficiaries and will take legislation to change.)*

2. For a non-spousal beneficiary up to age 22: *The non-spouse must be a person with an insurable interest (is dependent on the member for financial support as evidenced by that beneficiary being claimed as a dependent on the retiree's most recent tax return, which must have been for one of the two tax years immediately preceding the year in which benefits are effective, and a certification from the member that the beneficiary remains dependent on the member on the date of application) and the non-spouse must be a member of the retiree's family. Payments to the beneficiary are payable only if the beneficiary is under age 22 at the time of the member's death, shall be a fixed percentage of the member's benefit or fixed dollar amount, and shall be payable only through the beneficiary's 22nd birthday.*

3. For a non-spousal beneficiary who is totally and permanently handicapped or disabled: *The non-spouse must be a person with an insurable interest (is dependent on the member for financial support as evidenced by that beneficiary being claimed as a dependent on the retiree's most recent tax return, which must have been for one of the two tax years immediately preceding the year in which benefits are effective, and a certification from the member that the beneficiary remains dependent on the member on the date of application), must be a member of the retiree's family, and must have a total and permanent physical or mental disability on the date of application. The applicant shall provide adequate proof of total and permanent physical or mental disability of the beneficiary at the time of signing the application. Payments to the beneficiary shall be a fixed percentage of the member's benefit or fixed dollar amount.*

Requests for option 4 payments that do not meet the listed requirements must be approved by the Board on an individual basis. Thus, just because the optional payment is not listed above, does not mean it is rejected. It is just not automatically approved and requires individual board approval.

All beneficiary elections must comply with IRS MDIB requirements, as reviewed, and assessed by the system actuary. The beneficiary's benefit cannot exceed the member's benefit. There can be only one beneficiary (additional beneficiaries still require board approval).

There will be a minimum charge by the Actuary of \$150.00 to calculate all Option 4 benefits, including estimates and final calculations, which charge must be paid by the Member requesting the calculation.

Upon motion by Mrs. Olinde seconded by Mr. Broussard, the Board voted unanimously to approve the Pre-Approved Option 4 Policy as presented by Mrs. Akers.

Senator Talbot left the meeting.

Mrs. Akers presented a proposal for discussion by the Board regarding the General Timeline for Applications. This proposal would include applications for regular or disability, DROP, survivor/beneficiary, and vested benefits.

*Title 58
RETIREMENT*

*Part XVII. Registrars of Voters Employees' Retirement System
Chapter 4. Procedure for Applications*

§401. General Timeline for Applications.

A. Applications for the following retirement benefits must be received within the specified timeline in order to be effective on the intended date:

1. For an application for regular or disability retirement, no later than ninety (90) days after the requested effective date; otherwise, the application is effective on, and therefore the benefit is payable retroactive only to, the date ninety (90) days prior to the date received at the system office.

2. For an application for Deferred Retirement Option Plan ("DROP"), at least thirty (30) days prior to the requested effective date; otherwise, the application is effective, and therefore DROP participation will commence, on the date thirty (30) days after the date received at the system office.

3. For an application for survivor benefits or benefits to an optional beneficiary who is due an optional benefit pursuant to R.S. 11:2076, no later than ninety (90) days after the death of the member/retiree in order to make it retroactive to the date of death; otherwise, the application is effective on, and therefore the benefit is payable retroactive only to, the date ninety (90) days prior to the date received at the system office.

4. For a vested retirement, no later than ninety (90) days after the requested effective date; otherwise, the application is effective on, and therefore the benefit is payable retroactive only to, the date ninety (90) days prior to the date received at the system office.

Upon motion by Mr. Broussard seconded by Mr. Champagne, the Board voted unanimously to approve the General Timeline for Applications as presented by Mrs. Akers.

Mrs. Akers discussed concerns related to conversion of state leave earned prior to becoming a member of ROVERS due to an actuarial transfer or prior employment. Mr. Curran stated that the cost of the actuarial transfers should include the cost for unused leave to elevate the actuarial impact of ROVERS. Mrs. Akers advised that legislation would have to be passed in order to include the cost of unused leave in the cost of the actuarial transfer. The board decided that since the 2023 Legislative Session was a fiscal session, ROVERS would discuss these concerns and possibly propose legislation in 2024.

Mrs. Akers questioned whether the board wanted to introduce legislation this year to limit Option 2 and Option 3 to spouses only. The board stated that they would like to table the Option changes for the 2024 Legislative Session.

Upon motion by Mr. Champagne seconded by Mr. Broussard, the Board voted unanimously to approve Mrs. Akers report.

X. Report from Curran Actuarial Consulting, LTD.

Presentation counts for 1 hour of continuing education for actuarial science as per R.S. 11:185

Mr. Curran reviewed the System's Actuarial Valuation Report as of June 30, 2022. He reviewed the census summary giving a breakdown of active members, retirees, survivors, vested members and terminated members due a refund of employee contributions.

Mr. Curran stated that the minimum recommended net direct employer contribution rate was 10% for fiscal year 2024 and the current employer rate is 18%. He stated that the Board would need to set the employer contribution rate for fiscal year 2024 between 10% and 18% after the PRSAC meeting. Mr. Curran reminded the Board that ROVERS does not have an unfunded liability and instead the cost of paying benefits are spread over the working lifetime of members. Mr. Curran stated that if the Board voted to set the employer contribution rate higher than the minimum rate recommended, the extra funds collected would be placed in the funding deposit account for future COLA's. The funding deposit account was excluded when calculating the employer contribution rate.

Mr. Curran reminded the Board that the last COLA was given in January 2021 so the earliest that the next COLA could be granted would be January 2024.

Mr. Curran explained that the system's valuation interest rate was reduced to 6.25% within the 2021 valuation and no further change was made within the 2022 valuation. This rate was calculated based on the actuarial value of assets and the market value income adjusted for actuarial smoothing. Investment income used to calculate this yield was based upon a smoothing of investment income above or below the valuation interest rate over a five-year period subject to limits as described in the section detailing actuarial assumptions. The difference between rates of return on an actuarial market value basis result from the smoothing utilized. In the future, yields in excess of the 6.25% assumption would reduce future costs; yields below 6.25% would increase future costs. For Fiscal 2022, the system earned net actuarial investment income totaling \$204,799 less than the actuarial assumed earnings rate of 6.25% in effect for Fiscal 2022. This shortfall in earnings produced an actuarial loss, which increased the normal cost accrual rate by 0.1445%.

Upon motion by Mr. Broussard seconded by Mrs. Reed, the Board voted unanimously to accept the actuarial valuation report as of June 30, 2022, as presented by the System's Actuary, Mr. Greg Curran from Curran Actuarial Consulting, LTD.

Mr. Curran presented the Information for Financial Reporting for the fiscal year ending June 30, 2022. The report is based on the actuarial assumption and methods specified and relies on the data supplied by the system's administrators and accounts.

Upon motion by Mr. Broussard seconded by Mrs. Olinde, the Board voted unanimously to accept the Information for Financial Reporting for the fiscal year ending June 30, 2022 as presented by the System's Actuary, Mr. Greg Curran from Curran Actuarial Consulting, LTD.

Regarding Member's Supplemental Savings Fund (MSSF), Mr. Curran stated that the accounts have been updated with negative interest through June 30, 2022, and the information was available if anyone had questions regarding their balance. Ms. Bourque confirmed that she would be sending out MSSF statements.

Upon motion by Mr. Salter seconded by Mr. Champagne, the Board voted unanimously to accept the Member's Supplemental Savings Fund (MSSF) report as presented by the System's Actuary, Mr. Greg Curran from Curran Actuarial Consulting, LTD.

XI. Director's Report

Ms. Bourque presented the Louisiana Compliance Questionnaire in regards to the audit of ROVERS financial statements as of June 30, 2022 and for July 1, 2021 through June 30, 2022 for the purpose of expressing an opinion as to the fair presentation of ROVERS financial statements in accordance with accounting principles generally accepted in the United States of America, to assess ROVERS internal control structure as part of the audit and to review ROVERS compliance with applicable laws and regulations.

Upon motion by Mr. Salter seconded by Mrs. Reed, the Board voted unanimously to approve the Louisiana Compliance Questionnaire as presented by Mrs. Bourque.

Ms. Bourque advised that only one nomination was received from Brian Champagne for the Trustee term beginning January 1, 2023 through December 2026.

Ms. Bourque reminded the Board that the meeting packets consisted of a list of retirements, DROPS, refunds, new members, deaths, transfers, and terminated members.

Next, Ms. Bourque discussed the 2023 tentative board meeting schedule. After discussion among the Board, the dates were set for February 13, 2023, May 9, 2023, August 15, 2023, and December 6, 2023.

Upon motion by Mrs. Olinde seconded by Mrs. Reed, the Board voted unanimously to approve the Director's Report as presented by Ms. Bourque.


XII. Other Business

There was no other business

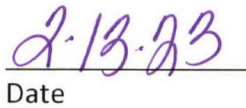
XIII. Adjourn

Upon motion by Mrs. Olinde seconded by Mr. Salter, the Board voted to adjourn at 2:11 pm.

*****These minutes are meant to provide readers with a summary of what took place during the meeting and are not intended to be verbatim transcription. They are in compliance with R. S. 42:20. The signatures that follow simply denote that these minutes were approved by the Board of Trustees as a reasonable representation of the meeting, including providing the substance of all matter decided.***



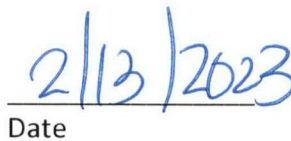
Director Signature



Date



Chairman Signature



Date